I T

P R O J E C T

E V A L U A T I O N

Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

SECTION I: PROPOSAL

Date: June 15, 2001

Agency Name: Information Technology Department

Project Name: Provide Enterprise Wide Information Processing System

Expenditure Name: Data Center Capacity Increase and Halon Replacement

Agency Manager: John Cullor

Agency Manager Phone Number / E-mail: (515) 281-8331 / john.cullor@itd.state.ia.us

Executive Sponsor (Agency Director or Designee): Richard Varn

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. <u>If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request.</u> Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute?   ☒**YES** (If "YES," explain)   ☐ **NO**

Explanation: ITD Customers are required to adhere to Federal standards / statures

Is this project or expenditure required by State statute?   ☒ **YES** (If "YES," explain)   ☐ **NO**

Explanation: ITD Customers are required to adhere to State statute

Does this project or expenditure meet a health, safety or security requirement?
☐**YES** (If "YES," explain)   ☒ **NO**

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☒ **YES** (If "YES," explain)   ☐ **NO**

> **Explanation:**   To provide an enterprise information processing system

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain)   ☐ **NO**

> **Explanation:**   This Information Processing System is used by State Agencies to meet the goals and objectives of their strategic plans

Is this a "research and development" project or expenditure?   ☐ **YES** (If "YES," explain)   ☒ **NO**

> **Explanation:**   Maintaining sufficient processor capacity to meet agency processing requirements is a standard part of Information Technology Department's mission.

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) <u>and</u> a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

> **Response:**   Pre-Project: The increased processing workload is limiting the ability of the enterprise data center to adequately meet customer demands and to maintain acceptable service levels.   Additional growth is causing slower processing response time at an increasing rate. The data center operating system has reached "end of life" and is inadequate to sufficiently meet current and anticipated customer needs. Vendor support for this outdated hardware and software technology will not be available in the future.
>
> Additionally, the chemical (Halon) in the current enterprise data center fire protection system is no longer manufactured because it is environmentally unsafe.
>
> Post Project: In order to meet necessary customer service levels, increase the enterprise data center processing capacity and upgrade (current technology) the enterprise data center processor and operating system to necessary vendor supported levels.
>
> Replace the existing enterprise data center fire protection system chemical.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

> **Response:**   Many of the enterprise data processing activities support "over the counter" transactions with Iowa citizens. If processing time is reduced, Iowa citizens will be better served.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

IT PROJECT EVALUATION

> **Response:** Agencies using the ITD enterprise data center for computer services. Many of the agency programs supported by the data center have direct impacts on citizens.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. <u>Project Executive Sponsor Responsibilities</u>: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

   > **Response:** This project is sponsored by the CIO for the State of Iowa.

2. <u>Organization Skills</u>:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

   > **Response:** This project is a capacity increase in the processing power of the data center. It is a regularly occurring activity that has been a standard part of the operation of the data center for over a decade. Operations Division is organized to manage this activity and includes all necessary skill sets including: Capacity Planner, OS/390 Technology Specialists IT Operators

B. Project Information

1. <u>History</u>:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

   > **Response:** This is an on-going project to maintain sufficant information processing capacity and current technology to meet customers increasing demand.

2. <u>Expectations</u>: Describe the primary purpose or reason for the project.

   > **Response:** To maintain current technology and sufficient capacity for the Enterprise Information Processing System to meet the increasing customer demands.

3. <u>Measures</u>: Describe the criteria that will be used to determine if the project is successful.

   > **Response:** System performance montoring.

4. <u>Environment</u>: List the project participants (i.e. single agency, multiple

agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: Information Technology Department

Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

> **Response:** Not implementing the project will result in a shortage of processor power to complete all scheduled tasks in the time frames required. This could impact: timeliness of reports to federal agencies funding programs, longer lines of citizens doing business "over the counter". The current technology has reached the announced "end of support" so it could fail and be difficult or impossible to return to service to support state programs in a timely manner.

5. Security / Data Integrity / Data Accuracy / Information Privacy
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

> **Response:** State auditors, and federal auditors evaluating programs run by state agencies regularly evaluate the data center to ensure that it meets all security/data integrity/accuracy/ and privacy requirements.

6. Project Schedule
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

> **Response:** Plans call for the upgrade to be implemented very early in FY03 to allow time for customer systems to be migrated.

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SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment
1. Software (Client Side / Server Side / Midrange / Mainframe):
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external

> **Response:** OS/390 Mainframe Operating System. Network interfaces to server farm, over 10,000 terminals, vendor locations, other federal and state government data centers.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external

> **Response:** 9672 R55 mainframe computer. OS/390. SAN storage. Data center envrionmnet. Many SNA and TCP/IP high speed connections to servers, over 10,000 terminals, vendor locations, other federal and state governent data centers.

B. Proposed Technology Environment

1. Software (Client Side / Server side / Mid-range / Mainframe)
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external
   d. General parameters if specific parameters are unknown or to be determined

> **Response:** IBM Z/OS (the follow-on product to OS/390

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and Bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external
   f. General parameters if specific parameters are unknown or to be determined

> **Response:** IBM (or compatible) G5 or Z-series mainframe of appropriate capacity. Model to be determined by the product line that is current at the time of purchase. The rest of the environment is as described in A2.

C. Data Elements
   If the project creates a new database, provide a description of the data elements.

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SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right) \times \%\ State\ Share\right] + \left(Annual\ Ongoing\ Cost \times \%\ State\ Share\right) = Annual\ \mathrm{Pr}orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$	1	%	$	%	$
Software	$1000000	4	100%	$150,000	100%	$400000
Hardware	$50000	3	100%	$100,000	100%	$267000
Training	$	4	%	$	%	$
Facilities	$	1	%	$	%	$
Professional Services	$75,000	10	100%	$0	%	$7500
ITD Services	$75,000	10	100%	$0	%	$7500
Supplies, Maint, etc.	$	1	%	$	%	$
Other (Specify)	$350000	10	100%	$3,500	100%	$38500
Totals	$2,000,000	-------	-------	$253,500	------	$720,167

Transfer this amount to the ROI Financial Worksheet, item "D" on page 11.
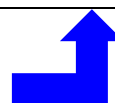
B. Funding: Enter data or provide response as requested

1.   This is (pick one):   ☐ A Pooled Technology Fund or Reengineering Fund Request
                 An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
                 ☒ Other – Specify: revolving fund. Cost recovered by fees for the service provided by this equipment.

2.   On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$	%	$	%	$	%
Pooled Tech. Fund	$	%	$	%	$	%
Federal Funds	$	%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$2,000,000	100%	$153,000	100%	$160,000	100%
Total Project Cost	$2,000,000	100%	$153,000	100%	$160,000	100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

> **Response:**

1.   On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be <u>absorbed</u> by your agency from normal operating budgets (all funding sources)?

> **Response:**   100%

2.   Identify, list, and quantify all <u>new annual ongoing</u> (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

> **Response:**   hardware and software maintenance costs appropriate to the size of the new processor as detailed in answer "A". Existing state staff can run and administer the larger computer at no additional cost.

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1.   Annual Pre-Project Cost – Quantify all <u>actual</u> state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process <u>prior to</u> project implementation. This section should be completed only if state government <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response:**   n/a

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2. Annual Post-Project Cost – Quantify all <u>estimated</u> State government direct and indirect costs associated with activity, system or process <u>after</u> project implementation. This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response: n/a**

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government <u>operations</u> costs are expected to be reduced as a result of project implementation.

> **Response:**   n/a

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

> **Response:**   These benefits must be identified in each of the programs supported by the data center. The computer system in this proposal generates over $300,000/month of services to agencies. Agencies expand their use at a historic rate of 12% per year to support programs for citizens.

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual <u>non-operations</u> benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

> **Response:**   These benefits must be identified in each of the programs supported by the data center.

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

> **Response:**

7. Total Annual Project Cost – It is necessary to <u>estimate and assign</u> a useful life figure to <u>each</u> cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all <u>new</u> annual ongoing costs that are project related. Completing

Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

> **Response:**

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

> **Response:**

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

> **Response:**

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

> **Response:**

11. ROI Financial Worksheet

IT PROJECT EVALUATION

Annual Pre-Project Cost - How You Perform The Function(s) Now

FTE Cost (salary plus benefits):	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	$

Annual Post-Project Cost – How You Propose to Perform the Function(s)

FTE Cost:	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$
State Government Benefit (= A-B):	$

Annual Benefit Summary

State Government Benefit:	$
Citizen Benefit:	$
Opportunity Value or Risk/Loss Avoidance Benefit:	$
C. Total Annual Project Benefit:	$
D. Annual Prorated Cost (SECTION IV-A):	$
Benefit / Cost Ratio: (C / D) =	
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	%

☐ **Benefits Not Readily Quantifiable**

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document	Points
1. Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2. Will the project improve customer service? **Location: Section I-B.2**	**15**
3. Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4. Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5. Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6. Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7. Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8. Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9. Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10. What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
Total	**100**